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October 18, 2002

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
The Portals
445 12th St. SW
Washington, D.C. 20554

Re: WC Docket 02-307

Dear Ms. Dortch:

On October 17, 2002, the following persons representing BellSouth met with staff of the Wireline Competition Bureau to discuss pricing issues raised by commenters in the above-referenced proceeding: Daonne Caldwell, Cindy Cox, Glenn Reynolds and Sean Lev. FCC staff participating in this meeting were: Jeff Dygert, Josh Swift, Monica Desai, Carol Canteen, Cara Grayer and Christine Newcomb. Among the issues discussed were hot cut charges, expedite charges, use of inflation rates and the proceedings conducted by the Florida and Tennessee commissions to set unbundled network prices in their respective states. Also discussed were the comments of KMC Telecom concerning alleged failure of BellSouth to pay reciprocal compensation. At the request of the staff, I am attaching for inclusion in the record a copy of a letter from Bellsouth to KMC concerning this billing dispute.

In accordance with Commission rules, I am filing copies of this notice and attachment and request that they be included in the record of the proceeding identified above.

Sincerely,



Glenn T. Reynolds

Cc: Jeff Dygert
Carol Canteen
Josh Swift
Monica Desai
Cara Grayer

Christine Newcomb
Susan Pie
James Davis-Smith (Department of Justice)

BellSouth Interconnection Services

675 West Peachtree Street, NE
Room 34S91
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Jerry Hendrix
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Sent via Certified Mail

October 18, 2002

Ms. Riley M. Murphy
Senior Vice President Legal Affairs
1545 Route 206, Suite 300
Bedminster, New Jersey 07921

Dear Ms. Murphy:

This is in response to your letter dated October 8, 2002. As KMC is aware, our companies began discussing this dispute and the various issues associated therein in March of this year. In your letter, you state that BellSouth has "consistently failed to pay KMC's monthly reciprocal compensation invoices in full in all BellSouth states" except Kentucky and that BellSouth has failed to provide a written explanation of its "failure to pay".

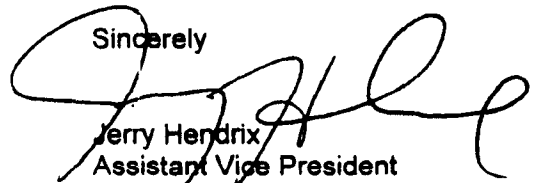
First, BellSouth has not withheld any monies owed to KMC, as your letter implies. BellSouth has issued a formal written dispute addressing each unpaid amount. Such disputes have been discussed in various meetings and correspondence between our companies, as shown by the attached timeline. This timeline does not identify the meetings or correspondence related to the trunks and facilities issues since we recently signed a Confidential Settlement Agreement resolving these issues.

On May 23, 2002, BellSouth requested specific switch recordings information necessary for the resolution of these disputes. To date, KMC has not submitted any documentation to support its \$8,020,954 claim as set forth in its October 8, 2002 letter. Therefore, BellSouth will not remit payment for this unsupported claim.

It is significant to note that one day after this letter was faxed to BellSouth, KMC filed comments with the FCC in opposition to BellSouth's 271 application on the basis that BellSouth had failed to pay reciprocal compensation amounts owed. BellSouth will reply to those comments via the appropriate avenues. However, BellSouth is unclear if KMC is still willing or planning to provide documentation to support its \$8,030,954 claim. If KMC is still open to resolving these issues via such information exchange, please remit the appropriate information promptly so that we may resolve the remaining issues.

I am hopeful that BellSouth and KMC can work cooperatively to resolve the remaining disputes.

Sincerely



Jerry Hendrix
Assistant Vice President
BellSouth Telecommunications, Inc.

Enclosures

March 2002:

Fred Robinson of KMC and Donna Dietz of BellSouth discussed routing issues, and Mr. Robinson sent Donna a spreadsheet with specific routing information that KMC wished for BellSouth to investigate. Donna sent KMC an email stating that the spreadsheet submitted by KMC contained discrepancies. Per Ms. Dietz, "In most cases the called number does not reside within the same switch as the trunk group KMC says BellSouth is delivering traffic on." Ms. Dietz further explained "any call that is originated by a third party carrier and is terminated to a [BellSouth] telephone number [that has been ported to KMC] at a direct end office trunk group...will route to KMC on the Primary High End Office Reciprocal Trunk Group."

March 18, 2002:

BellSouth and KMC held a conference call to discuss various issues. Two of the issues discussed on the call were the payment of reciprocal compensation and routing and call detail issues.

Reciprocal Compensation dispute: KMC explained that BellSouth's disputes do not contain enough detail. BellSouth agreed to schedule a meeting with its Invoicing Group to discuss.

BellSouth routing of traffic: BellSouth committed to schedule meeting with the routing SME to discuss.

Call Detail Records: KMC indicated that in reviewing its 11-01-16 and 11-01-20 records only one in three messages is recorded by the tandem. BellSouth agreed to research.

March 28, 2002:

Julia Hand sent an email to KMC as a follow-up to the conference call between our companies on March 18, 2002. After discussions with the call detail records SME, Rosalind Hood, it was determined that the 11-01-16 and 11-01-20 records, upon which KMC relied in its investigation of this matter, did not come from BellSouth. Ms. Hand concluded that it would be beneficial to perform a real-time comparison of these recordings in the future. Additionally, KMC had notified BellSouth that Ms. Hood's primary KMC contact would be replaced. Ms. Hand asked that the replacement contact Ms. Hood.

April 10, 2002:

Beth Shiroishi of BellSouth sent an email to KMC summarizing the status of each open issue. Each issue is identified below with the corresponding information provided by Ms. Shiroishi.

Call Detail Records: BellSouth had not received a response to Ms. Hand's request on March 28th to exchange data. Ms. Shiroishi notified KMC that due to the lack of information exchanged, Ms. Hood would not be in attendance at the next meeting on April 16th.

Discussion between James Mertz of KMC and Ron Moreira of BellSouth commemorated in email from Mr. Moreira to Mr. Mertz. Mr. Moreira confirmed that BellSouth had not yet received the TSC information that KMC committed to provide on April 16, 2002.

May 3, 2002:

Nathan Fuchs of KMC and Mr. Moreira exchanged emails. Mr. Fuchs provided the TSC information requested on April 16, 2002 for the traffic study. Mr. Moreira responded via email to Mr. Fuchs with a question regarding the TSC information. Mr. Fuchs responded to Mr. Moreira with the requested information.

May 20, 2002:

James Mertz of KMC sent a memo to Richard McIntire of BellSouth asking for a more detailed breakdown of disputes.

May 23, 2002:

Mr. Moreira sent an email to Mr. Mertz and Mr. Fuchs requesting the switch recordings necessary for the analysis that the parties agreed to perform in the April 16, 2002 meeting. (This information has not been received as of October 16, 2002)

May 28, 2002:

Mr. Fuchs sent an email to Mr. Moreira with a request for information on the origin of the data and for a record layout detailing the definitions of the field headings.

May 29, 2002:

Mr. Moreira responded that the data came from BellSouth's Business Intelligence System. He also attached a spreadsheet with a description of the field headings.

June 14, 2002:

Fred Robinson of KMC sent an email to Chris Alfano of BellSouth requesting that BellSouth route KMC's LRN traffic over the BellSouth reciprocal trunk group.

Ms. Shiroishi responded that this issue was discussed by KMC and BellSouth on March 18th and April 16th. She alerted KMC to the fact that two different requests have been made in relation to this issue. In many areas, KMC requested that BellSouth overflow transit traffic onto the BellSouth reciprocal trunk group. BellSouth complied with this request. Then in the email from Mr. Robinson (above), KMC requested that BellSouth first route all transit traffic to the reciprocal trunk group. This request was denied due to a lack of capacity. BellSouth requested that KMC notify them if another meeting was required to discuss this information. To date, KMC has not responded to this email.

June 14, 2002:

Constance Loosemore of KMC notified Sandra Cetti of BellSouth that BellSouth owed \$6M in reciprocal compensation and that a refund was due.

July 1, 2002:

Jan Kelley of BellSouth sent a memo to Mr. Mertz providing detailed information in spreadsheet format on the disputes issued by BellSouth for invoices for the months of May 2000 thru September 2001. This included all rates, MOUs invoiced, MOUs BellSouth collected, and reasons for disputes. Mr. Mertz responded that he was having trouble opening the spreadsheet and Jan resent it and made sure he could open the file.

July 8, 2002:

Ms. Kelley sent additional Alabama Accounts information to Mr. Mertz.

July 31, 2002:

Ms. Kelley sent updated information for invoices thru December 2001 to Mr. Mertz.

August 28, 2002:

Ms. Kelley sent Mr. Mertz the completed spreadsheet for all invoices for all months through April 2002 with corrected information.

August 15, 2002 to present:

Mr. McIntire and Ms. Kelley called Mr. Mertz repeatedly and left messages on his voice mail regarding these spreadsheets. To date, he has not responded.